

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

IO-10 /096 W

----- 095670

R 172130Z JAN 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 9078

INFO AMEMBASSY MEXICO

AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY SAN SALVADOR

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY PANAMA

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E.O. 11652: N/A

TAGS: ETRD, HO

SUBJECT: TRADE ACT

REF: STATE 008935

1. MINECON BENNATON MET WITH AMBASSADOR MORNING OF JANUARY 17 TO DISCUSS TRADE ACT (TA) AND OTHER MATTERS. BENNATON SAID THAT GOH HAD RECEIVED LETTER FROM PRESIDENT OF VENEZUELA REGARDING TA. THAT LETTER HAD CONTAINED REFERENCE TO HONDURAN PARTICIPATION IN COFFEE EXPORT GROUP

WHICH COULD PLACE IT IN SAME CATEGORY AS OPEC COUNTRIES, AND, HENCE, INELIGIBLE FOR BENEFITS OF TA. IN ORDER TO
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CLARIFY THAT ISSUE AND TO DISCUSS TEXT OF STATE 282698

(TEXT OF TITLE V OF TA) WHICH HAD BEEN PROVIDED EARLIER
IN MONTH, BENNATON HAD REQUESTED APPOINTMENT WITH AMBASSADOR.

2. MINECON STATED THAT, WHILE HE HAD NOT SEEN THE COMPLETE
TEXT OF THE TA, IT WAS HIS IMPRESSION THAT THAT LAW WAS
FUERTE (STRONG) AND AN OVERREACTION ON THE PART OF THE
USG, ALTHOUGH HE SAID HE UNDERSTOOD REASONS FOR PRESENT
MOOD OF U.S. CONGRESS.

3. THE AMBASSADOR POINTED OUT THAT THE PRESIDENT AND
SECSTATE HAD PUBLICLY EXPRESSED THEIR DISAPPOINTMENT WITH
CERTAIN PROVISIONS OF THE TA AND WERE ENDEAVORING TO REACH
AGREEMENT WITH THE CONGRESS REGARDING CLARIFICATION AND
MODIFICATION OF THOSE SECTIONS CONSIDERED MOST OBJECTIONABLE
BY FOREIGN GOVERNMENTS. THE AMBASSADOR EMPHASIZED REPEATEDLY
THAT THE TA WAS THE MOST IMPORTANT TRADE LEGISLATION ENACTED
BY THE USG IN MANY YEARS; THAT MUCH MORE ATTENTION SHOULD BE
DEVOTED TO THE MFN AND MTN ASPECTS OF THE LAW AND MUCH
LESS TO THE RESTRICTIONS ON GSP. THE AMBASSADOR STRONGLY
EMPHASIZED HIS VIEW THAT GOH SHOULD EXERCISE CARE NOT TO
FOLLOW BLINDLY DAMAGOGIC ELEMENTS IN THE HEMISPHERE SINCE
THAT WOULD BE HIGHLY COUNTERPRODUCTIVE TO THE LONG RANGE
INTERESTS OF HONDURAS.

4. BENNATON SAID THAT HONDURAS SEEKS TO AVOID THE CONFRONTA-
TION APPROACH PRESENTLY TAKEN BY VENEZUELA REGARDING THE TA.
HE ADDED THAT HE UNDERSTOOD THE POSITION IN WHICH VENEZUELA
FOUND ITSELF AND WOULD FOLLOW THE SAME COURSE AS PRESIDENT
PEREZ IF IN HIS SHOES. BUT BENNATON DID NOT EQUATE
VENEZUELA'S POSITION WITH THAT OF HONDURAS. BENNATON
SAID THAT THE GOH FAVORS NEGOTIATION OF TA DIFFERENCES
THROUGH ALL FORA AND UNDERSTOOD THAT THE POSITIONS OF
THE GOVERNMENTS OF COSTA RICA AND MEXICO REGARDING THIS
MATTER WERE THE SAME AS THAT OF HONDURAS. BENNATON
SAID HE REALIZED THE WISDOM OF NOT COMPROMISING THE
POSITION OF THE PRESIDENT AND SECSTATE IN THEIR TA
DISCUSSIONS WITH CONGRESS BY FOMENTING INTERNATIONAL
HOSTILITY TOWARD THE U.S.

5. MINECON SAID THAT, AFTER CAREFUL READING OF TITLE V
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OF TA, HE DID NOT THINK RESTRICTIONS CONTAINED IN SECTION 502
(B) (1 AND 2) WOULD APPLY TO HONDURAS IN THE CASE OF ITS
PARTICIPATION IN COFFEE OR BANANA CARTELS. HE WAS INFORMED
THAT CURRENT BEST OPINION INDICATED THAT ONLY MEMBERS
OF THE OPEC WOULD BE INELIGIBLE FOR GSP UNDER THOSE
PROVISIONS.

6. HOWEVER, BENNATON EXPRESSED CONCERN THAT SECTION

502(B) (4, 5, AND 6) MIGHT CAUSE DIFFICULTY. THE MINISTER EXPLAINED THAT DISCUSSIONS WITH THE TWO LARGE BANANA COMPANIES (UNITED BRANDS AND STANDARD FRUIT) HYPOTHETICALLY COULD LEAD TO EXPROPRIATION PROBLEMS AS COULD EXPROPRIATION OF AGRICULTURAL LANDS UNDER PROVISIONS OF THE GOH AGRARIAN REFORM LAW WHICH BECAME EFFECTIVE ON JANUARY 14, 1975. HE ADDED, HOWEVER, THAT THE CURRENT TALKS WITH THE COMPANIES WERE PROGRESSING SATISFACTORILY AND THAT THE COMPANIES WERE ACTING RESPONSIBLY.

7. AMBASSADOR POINTED OUT THAT TA AND OTHER DIFFERENCES CAN BE RESOLVED THROUGH NEGOTIATION, THAT IT IS ESSENTIAL ALL OAS NATIONS PARTICIPATE AND NEGOTIATE IN GOOD FAITH IN UPCOMING MEETING IN BUESOS AIRES, AND THAT U.S. REMAINS COMMITTED TO LIBERAL AND OPEN WOULD TRADING SYSTEM. SANCHEZ

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